

*Join
CalSTRS?*



*Join
CalPERS?*



The Decision is Yours!

This publication is produced by the California State Teachers' Retirement System
in cooperation with the California Public Employees' Retirement System.

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With your new job, you can keep your membership in the retirement program you belong to, or you can switch. You have 60 days to decide. Study this brochure, compare and then decide which program works best for you. The California State Teachers' Retirement System? Or the California Public Employees' Retirement System? Retirement may seem far off, but one day you'll be glad you chose the retirement program to best meet your goals.

*Change or keep?
You may have to choose...*

- if you have been a credentialed school employee covered by the CalSTRS Defined Benefit Program, and your new job of performing classified service is covered by CalPERS, and is in a school district, community college or county superintendent of schools office; or
- if you have been in a CalPERS-covered position performing classified service and now have a teaching job (performing creditable service covered by CalSTRS) in a school district, community college or county superintendent of schools office; or
- if you have been employed by a community college district and are now employed by the Board of Governors, or vice-versa; or
- if you have been employed by the Department of Education and are now employed by a school district, community college district or county superintendent of schools to perform CalSTRS-covered service; or
- if you have been a credentialed school employee covered by the CalSTRS Defined Benefit Program and your new job is with

the State of California to perform work as an education consultant, professional educator or librarian.

Remember, you have only 60 days from your hire date to make sure you keep your current retirement system, so ask your employer for a Retirement System Election form. Do nothing, and you lose your choice and are automatically a member of the retirement system covering your new position. Also, your decision can affect your choice to work after retirement. Check your MR 372 retirement system election forms for further information on this subject.

You should compare how the systems are similar or different. Your employer has the CalPERS Member Benefit Booklet or the CalSTRS Member Handbook with more detailed information, and has the form you use to select the system you prefer.

You can also contact the retirement systems directly for details. Call CalSTRS toll free at (800) 228-5453, or at (916) 229-3870 and request Teletalk message #152. Call CalPERS at (800) 352-2238. Both systems also have Web sites: www.calstrs.ca.gov and www.calpers.ca.gov.

Note: Visit the CalSTRS Web site for an update on any legislative changes under consideration for either CalSTRS or CalPERS. Go to the Printed Publications on-line section of the CalSTRS Web site at www.calstrs.ca.gov/publish/publish.html and click on *Join CalSTRS or CalPERS?* You will find a link on the top of page one of the booklet that you can use to see the latest legislative proposals.

This guide is based on the Teachers' Retirement Law and the Public Employees' Retirement Law as of January 1, 2001. If you find a conflict between this information and the law, the law takes precedence.

MY QUESTIONS	CALSTRS	CALPERS	THE DIFFERENCE
1. How is my retirement allowance calculated?	Both systems base the retirement allowance on your service years in the retirement program, your retirement age (using a mathematical age factor), and your final compensation at retirement. The formula is: <i>Years of service x age factor x final compensation = Unmodified Retirement Allowance.</i>		No difference in the formula.
2. When can I retire?	At age 55 with five years service credit, at a reduced benefit level, or between ages 50 and 55 with 30 or more years of credit, subject to further benefit reduction.	At age 50 with five years of service, at a reduced benefit level.	CalPERS members may retire at age 50; CalSTRS members who have less than 30 years of service cannot retire until age 55.
3. How will my final compensation be determined?	Based on highest annual compensation earnable for 36 consecutive months, or 12 consecutive months if 25+ years' service credit. Districts have option to base final compensation for their teacher members on the highest 12 consecutive months, under specified conditions.	It is based on the highest compensation earnable for 12 consecutive months.	Final compensation for most CalSTRS members is based on 36 consecutive months' earnings, or 12 consecutive months if 25+ years service credit; final compensation for CalPERS members is based on earnings for 12 consecutive months.
4. What is my retirement contribution, including Social Security and Medicare?	It is 8 percent of your salary, with an additional 1.45 percent to Social Security for Medicare if you were hired on or after April 1, 1986, or if you opted to be covered by Medicare if offered by your employer.	You pay 7 percent of your salary, plus 6.2 percent for Social Security and 1.45 percent for Medicare.	CalSTRS members pay a total of up to 9.45 percent of their salary. Most CalPERS members pay 14.65 percent of their salary.
5. What is my employer's contribution?	A contribution of 8.25 percent of salary plus 1.45 percent for Medicare if you were hired after April 1, 1986, or opted to be covered by Medicare if offered by your employer.	Depends on actuarial figures, and includes another 1.45 percent of salary for Medicare coverage and 6.2 percent of salary for Social Security, if covered.	The CalSTRS employer contribution is always a fixed percentage.
6. Does my system accumulate funds for me in a supplement account?	From 1/1/2001 to 1/1/2011, 25 percent of member contributions go to a supplement account. Funds are available when retiring, or one year after termination.		CalSTRS members have a supplement account; CalPERS members do not.
7. What is the COLA—my cost-of-living adjustment?	Each year's retirement allowance is increased by 2 percent of the initial retirement allowance. The Legislature has periodically authorized ad hoc COLAs.	The base or beginning allowance is increased by 2 percent per year, compounded annually, beginning the second calendar year of retirement, unless the rate of inflation is lower. The Legislature has periodically authorized ad hoc COLAs.	CalPERS compounds the COLA annually to reflect inflation rates; the CalSTRS COLA is not compounded.

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8. Can I work in education after I retire?	A certificated employee retiring under CalSTRS generally cannot accept a classified position. The exception is a teacher's aide in certain circumstances. If you retire under CalSTRS and perform CalSTRS-covered employment, earning above a specific income affects your allowance. You are exempt until 1/1/2008 if you perform no CalSTRS-covered service for at least one year after retirement.	If a certificated employee stays in CalPERS, then retires and accepts a classified or certificated position in a school district, generally the retirement allowance will be terminated if the employment exceeds 960 hours in a calendar year.	Both plans' retirement allowances can be affected by post-retirement work. For CalSTRS retirees, this means work in a certificated position; a CalPERS retiree's work affects both classified and certificated positions. Generally, a retired CalSTRS member cannot work in a classified position.																																																																								
9. What are the age factors? Notice how the age factors of the two retirement programs differ. CalSTRS adds a career factor of 0.2 percent to the age factor if you have 30 or more years of service credit, up to a total of 2.4 percent.																																																																											
<table><tr><th colspan="4">CalSTRS (without career factor)*</th><th colspan="4">CalPERS</th></tr><tr><th>AGE</th><th>PERCENT*</th><th>AGE</th><th>PERCENT*</th><th>AGE</th><th>PERCENT</th><th>AGE</th><th>PERCENT</th></tr><tr><td>50</td><td>1.10**</td><td>57</td><td>1.64</td><td>50</td><td>1.100</td><td>57</td><td>2.126</td></tr><tr><td>51</td><td>1.16**</td><td>58</td><td>1.76</td><td>51</td><td>1.280</td><td>58</td><td>2.188</td></tr><tr><td>52</td><td>1.22**</td><td>59</td><td>1.88</td><td>52</td><td>1.460</td><td>59</td><td>2.250</td></tr><tr><td>53</td><td>1.28**</td><td>60</td><td>2.00</td><td>53</td><td>1.640</td><td>60</td><td>2.314</td></tr><tr><td>54</td><td>1.34**</td><td>61</td><td>2.133</td><td>54</td><td>1.820</td><td>61</td><td>2.376</td></tr><tr><td>55</td><td>1.40</td><td>62</td><td>2.267</td><td>55</td><td>2.000</td><td>62</td><td>2.428</td></tr><tr><td>56</td><td>1.52</td><td>63</td><td>2.400</td><td>56</td><td>2.064</td><td>63+</td><td>2.500</td></tr></table>				CalSTRS (without career factor)*				CalPERS				AGE	PERCENT*	AGE	PERCENT*	AGE	PERCENT	AGE	PERCENT	50	1.10**	57	1.64	50	1.100	57	2.126	51	1.16**	58	1.76	51	1.280	58	2.188	52	1.22**	59	1.88	52	1.460	59	2.250	53	1.28**	60	2.00	53	1.640	60	2.314	54	1.34**	61	2.133	54	1.820	61	2.376	55	1.40	62	2.267	55	2.000	62	2.428	56	1.52	63	2.400	56	2.064	63+	2.500
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10. Do I earn an extra monthly benefit for a long career?	With 30 or more years service credit by 1/1/2011, your allowance will be increased by a longevity bonus: <table><tr><td>Bonus Amount</td><td>Service Credit</td></tr><tr><td>\$200</td><td>30 years</td></tr><tr><td>\$300</td><td>31 years</td></tr><tr><td>\$400</td><td>32+ years</td></tr></table>			Bonus Amount	Service Credit	\$200	30 years	\$300	31 years	\$400	32+ years																																																																
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13. What additional service credit can I buy?	<p>You can buy service credit for:</p> <ul style="list-style-type: none"> • Military service • Job Corps service • Fulbright or sabbatical leave • Teaching in a California university or state college • Redeposit of withdrawn funds • Worker's Compensation • Maternity, paternity, family, or medical leave • Service prior to membership in part-time or substitute work • Full-time paid Red Cross service • Out-of-state teaching • Up to five years of nonqualified service credit that is not related to prior employment (requires five years of CalSTRS service)* • Certificated teaching in a child care center, school for the blind or deaf, or in an Indian school <p>*The total for unused sick leave, nonqualified service credit and Golden Handshake cannot exceed five years.</p>	<p>You can buy service credit for:</p> <ul style="list-style-type: none"> • Military service • Peace Corps and VISTA service • Educational or sabbatical leave • California university, college, public agency, or state employment • Redeposit of withdrawn funds • Temporary job-related disability or illness • Maternity or paternity leave • Service prior to membership while serving a qualification period or while employed on a temporary, seasonal, or less than halftime basis • CETA service after 7/1/1979 • Employment as an elected or appointed official • Leave to work in a local, state or foreign governmental agency or non-profit organization • Lay-off periods from public agency employment 	<p>In each program, you can buy service credit for some activities not covered by the other program. If in CalSTRS with five years of covered service, you can buy up to five years of credit not associated with any prior employment.</p>
14. Can I repurchase a previous refund?	<p>If you terminated CalSTRS, refunded and later return to membership, you can repurchase all, or a portion, of the refund.</p>	<p>If you terminate CalPERS membership, receive a refund, then later return to membership, you may repurchase all, or some, of your contributions. If you refunded more than once, you may repurchase your contributions in reverse chronological order.</p>	
15. Do I participate in Social Security?	<p>No, and any Social Security benefits you earned in other employment may be reduced as a result of receiving a CalSTRS allowance.</p>	<p>Yes, if you were hired after 1959. There are very few exceptions.</p>	<p>CalSTRS members neither contribute to nor earn Social Security benefits. Also, CalSTRS-covered service may reduce previously earned Social Security benefits.</p>

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16. Will I have health care coverage in retirement?	Is your district covered by the Public Employees' Medical and Hospital Care Act? Is there a contract between your bargaining unit and the district? If yes, you are eligible for health benefits if enrolled on separation and if you retire within 120 days of your separation date. If you get health care from other sources, coverage depends on the bargaining agreement with the employee organization. Ask your personnel office about your health care coverage in retirement.		Your coverage depends on the employee group's bargaining agreement with the district. CalSTRS does not offer health benefits at this time.
17. What disability benefits am I entitled to if I am unable to work?	<ul style="list-style-type: none"> If you became a CalSTRS member after October 15, 1992 (and have five years of service credit or one year if injured by a violent act on the job), your Disability Retirement allowance is half your final compensation, plus another 10 percent for each eligible child, for a benefit total of up to 90 percent. This continues for life, as long as your disability continues. If you were a CalSTRS member before October 15, 1992, and did not choose the new benefit, above (and have five years of service credit or one year if injured by a violent act on the job), your Disability Allowance is generally half your final compensation, plus 10 percent more for each eligible child, for a benefit total of up to 90 percent. At age 60, your service retirement allowance is equal to the lesser of your Disability Allowance or an allowance calculated on projected years of service and final compensation to retirement date. 	If you are under age 60, have between five and 10 years, or 18.5 years or more of service, your disability formula is: 1.8 percent x years of service x final compensation. If you have between 10 and 18.5 years of service, the Disability Retirement benefit may be improved up to 33.3 percent. At age 55, a service retirement allowance is payable. You also may be eligible for disability benefits under Social Security.	Disability benefits paid by CalSTRS are generally higher than those paid by CalPERS, but CalPERS members may be eligible for disability benefits under Social Security. In addition, CalSTRS benefits increase if there are dependent children.

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SURVIVORS' BENEFITS – VARIATIONS			
18. What benefits do my survivors receive if I die before I am eligible to retire?	<ul style="list-style-type: none"> If you became a CalSTRS member after October 15, 1992, and had at least one year of service credit, your designated beneficiary is entitled to a lump-sum death benefit amount, currently \$23,052. If a survivor benefit allowance is not payable, a lump-sum refund of your contributions and interest is paid to your designated beneficiary. If there is a surviving spouse he or she can choose between the lump-sum refund of your contributions and interest, or a monthly allowance equal to 50 percent of the allowance you would have received if you retired at age 60, but based on actual service credit and final compensation at the date of death. If a spouse elects the lump-sum refund, no allowances are payable to dependent children. If there are dependent children and the surviving spouse receives a monthly allowance, an additional allowance, equal to 10 percent of final compensation, is paid for each child under age 21, up to a maximum of 50 percent for five or more children. If you were a CalSTRS member before October 15, 1992, did not choose the above benefit, and had at least one year of service credit, your designated beneficiary is entitled to a lump-sum payment, currently \$5,763. 	<p>Your survivors receive the return of your contributions and interest, plus a month of salary for each year of service up to a maximum of six months' salary. (For members not in Social Security, a monthly benefit up to \$1,800 may be paid to the surviving spouse who has the care of unmarried children under age 22 or to a spouse of age 60 or older. This benefit is called the "1959 Survivor Benefit," and is similar to Social Security survivor benefits. To be eligible for this benefit, members must have been paying a fee (generally \$2 per month). For members covered by Social Security, survivor benefits may be covered by that program.</p>	<p>Under CalSTRS, a surviving spouse may choose a monthly allowance, with additional provisions for dependent children. CalPERS pays a monthly allowance to a surviving spouse or children only if special qualifications are met. Social Security may provide survivor benefits to survivors of CalPERS members covered by Social Security.</p>

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<i>(continued)</i>	For a surviving spouse or dependent children, the monthly family allowance equals 40 percent of your final compensation at the date of death, plus 10 percent of final compensation for each dependent child under age 22, up to 50 percent for five or more children. The surviving spouse with no eligible dependent children receives either a lump sum of the contributions and interest, a monthly allowance that begins at age 60, or a monthly allowance before age 60, actuarially reduced. If a family allowance is not payable, a lump sum of your contributions and interest is paid to your beneficiary.		
<i>19. What benefits do my survivors receive if I am eligible to retire, but die before I retire?</i>	If you did not already elect a retirement option(s), your survivors receive the same coverage as above. If you did elect a pre-retirement option, the beneficiary(ies) you designated in electing that option receives an allowance based on the option(s) you chose.	Your survivors receive the “Basic Death benefit” equivalent to a return of your contributions, plus interest and up to a maximum of six months’ pay. Or, a spouse married to you <i>either</i> before the occurrence of the injury or the onset of the illness that resulted in your death <i>or</i> for at least one year before your death, or your unmarried children under 18, can receive a monthly benefit equal to one-half of what your highest service retirement allowance would have been were you retired on the date of death. The survivor can receive only one, not both, of these benefits (see also page 6).	The difference occurs if you were not married to your selected beneficiary or did not have unmarried children. In that case, the difference largely depends on what you selected as a pre-retirement option in CalSTRS, on the option selected and the value of your contributions and interest in CalPERS. Under CalPERS, you cannot elect a pre-retirement option.

MY QUESTIONS	CALSTRS	CALPERS	THE DIFFERENCE
20. What benefits do my survivors receive if I die after I retire?	<p>Your beneficiary's lump-sum death benefit amount is currently \$5,763. Also, if you elected a modified allowance, under an option(s), the option beneficiary's(ies') allowance is based on the option(s) you chose. If you did not elect to receive a modified allowance, your beneficiary is refunded the unspent contributions and interest that remain in your account.</p>	<p>Your beneficiary's lump-sum death benefit generally is \$2,000*. If you elected the option specifically providing a return of unused contributions, your beneficiary will be refunded any remaining contributions and interest. In addition, an eligible family member receives a survivor's continuance allowance, equal to 25 percent of your unmodified retirement allowance (if service is coordinated with Social Security), or 50 percent of the unmodified allowance (if service is not coordinated with Social Security). If you elected a modified allowance, the beneficiary allowance paid is based on the option you elected.</p> <p><i>* School employers can contract for a \$2,000, \$3,000, \$4,000, or \$5,000 lump-sum benefit.</i></p>	<p>CalSTRS has a higher lump-sum death benefit than does CalPERS. CalPERS pays an additional "survivor continuance" allowance, regardless of whether you elected a modified or unmodified allowance. Both systems generally have the same options available for beneficiary allowances.</p>